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South Africa, Republic of

Poultry and Products

Annual

2005

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Report Highlights:

South Africa produced 808,000 tons of broiler meat in 2004, marginally more than in 2003. The industry is expected to show stronger growth in 2005 and 2006 mainly due to the buoyant economy bolstering demand. Imports continued to increase in 2004, reaching 69,000 tons of whole birds and cuts. Seventy six percent of the imports were supplied by Brazil. The anti-dumping duty on US leg quarters is due to be lifted in December, opening the market to US products again.

**Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Pretoria [SF1]
[SF]**

Summary

South Africa's 2004 broiler production is estimated at 808,000 tons, a little more than the revised figure of 804,000 tons for 2003. A further increase in production is expected for 2005 as a result of the buoyant South African economy increasing disposable income and thus demand. Total broiler meat imports (whole birds and cuts) reached about 69,000 tons in 2004 compared to about 50,000 tons in 2003. MRM (Mechanically Removed Meat) and offal are not classified as poultry meat. Nonetheless imports of these products amounted to about 85,000 tons for total poultry product imports of 154,000 tons. In contrast total imports amounted to about 125,000 tons in 2003 and 80,000 tons in 2002. Imports are, however, expected to increase again in 2005 as a result of the strong SA Rand. The following table contains the imports by type of product:

Metric tons	2001	2002	2003	2004	2005 Forecast
Whole birds	2615	6953	8104	21,696	25,000
Boneless cuts	8473	5098	11489	13,621	15,000
Bone in cuts	6003	11737	30544	34,099	40,000
TOTAL MEAT	17091	23788	50137	69,416	80,000
MRM	33079	37130	47086	50,287	55,000
Meat + MRM	50170	60918	97223	119,703	135,000
Offal	13387	19516	28204	34,366	40,000
GRAND TOTAL	63557	80434	125427	154,063	175,000

Imports are currently still increasing but the anti-dumping duty on US bone in cuts is only due to be lifted in December 2005 when the US will again be able to compete. Brazil, (76%) and Canada are currently the main suppliers.

US Dollar 1 = SA Rand 6.68 (08/23/05)

Poultry meat, broiler

Commodity 1000 MT Million Head Market Year Begin	Poultry		Meat,		Broiler		Estimate		2006		Forecast	
	2004	Revised	2005	Estimate	2006	Forecast	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
	01/2004		01/2005		01/2006							
Inventory (Reference)	0	0	0	0	0	0						
Slaughter (Reference)	0	0	0	0	0	0						
Beginning Stocks	0	0	0	0	0	0						
Production	805	808	810	825	0	840						
Whole, Imports	55	22	10	25	0	27						
Parts, Imports	45	48	45	55	0	60						
Intra EC Imports	0	0	0	0	0	0						
Other Imports	0	0	0	0	0	0						
TOTAL Imports	100	70	55	80	0	87						
TOTAL SUPPLY	905	878	865	905	0	927						
Whole, Exports	2	1	2	1	0	2						
Parts, Exports	3	2	3	2	0	2						
Intra EC Exports	0	0	0	0	0	0						
Other Exports	0	0	0	0	0	0						
TOTAL Exports	5	3	5	3	0	4						
Human Consumption	900	875	860	902	0	923						
Other Use, Losses	0	0	0	0	0	0						
Total Dom. Consumption	900	875	860	902	0	923						
TOTAL Use	905	878	865	905	0	927						
Ending Stocks	0	0	0	0	0	0						
TOTAL DISTRIBUTION	905	878	865	905	0	927						
Calendar Yr. Imp. from U.S.	1	0	5	1	0	5						

Production

Broiler meat production in 2004 is estimated at 808,000 tons. This amounts to 612 million birds, or 11.8 million per week. Unit weight is taken at 1.32 kg. (excluding giblets). This is still 0.5% more than the estimated 804,000 tons, or 11.7 million per week produced in 2003. It may be useful to look at carcass harvest again:

Cut	Percent of carcass	Weight, gram
2 Wings	8	153
2 Thighs	11	210
2 Breasts	29	554
2 Drumsticks	10	191
Back bone	11	210
Total Chicken Meat	69%	1,318 gram
1 Gizzard	2.5	48
1 Liver & heart	1.5	29
1 Neck	3.0	57
2 Feet	3.0	57
Total offal	10%	191 gram
Feathers, entrails and blood	21%	401
Total live weight	100%	1,910 gram

Annual slaughter for 2004 is estimated at 612 million birds at 1.91 kg. live weight and 1.32 kg. carcass weight. That means,

Total live weight production was 1,169,000 tons,
 Young chicken meat production amounted to 808,000 tons,
 Offal production amounted to 117,000 tons,
 And feathers, entrails and blood amounted to 245,000 tons.

Offal production included:

Gizzards 29,400 tons,
 Livers and hearts 17,750 tons,
 Necks 34,900 tons,
 Feet 34,900 tons,
 Total offal 116,950 tons.

While offal is obviously consumed in some way or another, we are more interested in young chicken meat production and consumption. The import controversy then surfaces; the following table compares the type of product imported;

Metric tons	2001	2002	2003	2004	2005 Forecast
Whole birds	2,615	6,953	8,104	21,696	25,000
Boneless cuts	8,473	5,098	11,489	13,621	15,000
Bone in cuts	6,003	11,737	30,544	34,099	40,000
TOTAL MEAT	17,091	23,788	50,137	69,416	80,000
MRM	33,079	37,130	47,086	50,287	55,000
Offal	13,387	19,516	28,204	34,366	40,000
GRAND TOTAL	63,557	80,434	125,427	154,063	175,000

Forty five percent of the 2004 imports were chicken meat and 55% chicken products. Whole birds and discernable cuts are the result of a conscious effort to produce young chicken meat, and the other products are mainly by-products. The total meat shown in the table above, 69,416 tons for 2004, should thus be taken as chicken meat imports.

The poultry and egg industry annually produces in excess of 800,000 tons of poultry meat and well on 300,000 tons of eggs. In a normal year the industry consumes nearly 70% of the feed industry's production and 15 to 25% of the total corn crop. Production is efficient, a 1.2 kg. carcass weight can be reached in 38 days at a feed conversion rate of 1.8, but production costs are high. Production at high altitudes leads to higher, 5 to 6%, fatalities.

The latest SA Poultry Association cost analysis suggests that the production cost of broiler meat decreased by 6.4% from R10.88/kg. in 2003 to R10.20/kg. in 2004 mainly due to lower corn prices.

Consumption

When the poultry meat imports are added to production, and the small exports subtracted, domestic consumption amounted to about 875,000 tons in 2004 and is likely to exceed 900,000 tons in 2005.

To put the industry in perspective we can compare per capita consumption of the different meats as supplied by the Department of Agriculture.

Kg. per capita	Beef	Lamb	Pork	Red meat	Poultry	Subtotal
2000/01	12.0	3.6	2.5	18.1	20.3	38.4
2001/02	13.1	3.1	2.6	18.8	20.2	39.0
2002/03	14.0	3.3	3.0	20.3	22.0	42.3
2003/04	13.7	3.3	3.3	20.3	22.9	43.2

Per capita poultry consumption first passed red meat consumption in 1998/99 and has since increased the gap every year. Lamb and pork per capita consumption is small, pork consumption is limited by religious custom while mutton production has decreased as a result of excessive stock theft.

The main reason for chicken meat's success is price, with whole broiler retail prices little more than half the price charged for beef as shown in the following table.

Rand/kg.	Sept.04	Oct.	Nov.	Dec.	Jan.05	Feb.	March	April	May
Topside*	31.45	32.56	32.80	33.46	34.13	34.51	34.27	33.96	33.75
Chicken**	17.79	18.13	18.27	18.09	18.16	18.08	18.18	17.62	17.84

* Topside, boneless beef

** Chicken, whole, dressed

Tariffs and trade

Imports, total poultry meat, products and offal, tariff #0207 (including turkey)

Metric tons	2002	2003	2004	Jan-May 2005
Brazil	50,607	80,764	137,916	66,194
Canada	15,145	24,394	5,852	12,426
Argentina	4,678	3,987	7,416	3,412
Australia	8,535	8,744	6,854	3,171
UK	6,566	12,403	11,667	2,488
France	387	485	5,183	931
Belgium	99	1,250	1,412	566
US	3,793	8,470	1,458	0
Others	4,091	12,510	4,239	1,373
Total	93,901	153,007	181,997	90,561

The total 2004 imports were nearly 19% higher than the 2003 figure, but The Jan.-May 2005 imports are 40% higher than in the corresponding period in 2004, which illustrates the increasing trend.

The first category of imports is whole birds, which constituted 31% of chicken meat imports in 2004. Average Customs reported landed price in 2004 was R4.50/kg. compared to R4.83 in 2003 and R5.71 in 2002, the decrease mainly due to the strong exchange rate. The US\$ price was 58c/kg. in 2002, 67 c/kg. in 2003 and 71 c/kg. in 2004.

Fresh and chilled whole birds are allowed in free of duty while the general tariff on frozen whole birds is 27% ad valorem, 23.76% on product from the EU and free from the SADC neighbors.

Imports, whole broilers, #020712

Metric tons	2002	2003	2004	Jan-May 2005
Brazil	5,264	6,188	16,915	4,788
Argentina	960	1,675	2,080	592
France	240	0	1,514	800
Belgium	0	0	1,136	540
Canada	50	54	26	0
Other	439	187	25	0
TOTAL	6,953	8,104	21,696	6,720

Boneless cuts (mainly chicken breasts) are a high quality product also used in the food service industry. It formed about 20% of chicken meat imports in 2004 with a much higher landed price, R9.52/kg. in 2004 compared to R8.18 in 2003 and R12.47 in 2002. The corresponding US\$ prices were 1.49/kg. in 2004, 1.11 in 2003 and 1.20 in 2002. The general rate of duty is 5%, 4.4% from the EU and free from the SADC countries.

Imports, boneless cuts, #02071410

Metric tons	2002	2003	2004	Jan-May 2005
Brazil	2,450	1,061	11,376	5,245
China	1,053	9,813	1,641	0
Canada	0	50	75	0
Thailand	1,461	51	75	0
Israel	8	15	40	27
U.S.	0	0	25	0
Other	126	499	389	47
Total	5,098	11,489	13,621	5,319

The following category, bone in cuts, include the chicken leg quarters which was the cause of the anti dumping duty against the US product instituted in 2000. It formed 49% of the 2004 meat imports, the US being replaced as a supplier by Brazil and Canada. The quoted 2004 landed price was R5.04/kg. compared to R4.45 in 2003 and R4.88 in 2002. The US\$ price was 80 c/kg. in 2004, 61c/kg. in 2003 and 50c/kg. in 2002.

The 2004 quantity involved is 34,000 tons of which Brazil supplied 26,000 tons. The US supplied 47,200 tons in 1997/98, 28,600 tons in 1998/99 and 30,900 in 1999/00 but only 25 tons in 2004/05.

The previous Board on Tariffs and Trade brought out an initial report #4065 in June 2000 that recommended the anti-dumping duty. The final report # 4088 was published in December 2000. Provisional payments were introduced on July 5, 2000 and finalized on December 27, 2000, with retrospective effect to 5 July 2000.

On May 28, 2004 the International Trade Administration (ITAC) notified all parties that the anti-dumping duty would expire in 2005 if there were no requests to continue with the duty. The date of the imposition of the duty was given as 12/27/2000 and the date of expiry as 12/27/2005. Interested parties were given time till 06/27/05 (before 07/05/05) to request a continuation of the duty. The SA Poultry Association has submitted a continuation request and ITAC is currently looking at it. It is claimed that the South African law considers the final date of the imposition of the duty (12/27/2000) as the date when the duty commenced, and not the retrospective date.

The general rate of duty on this category is 220 c/kg. from the EU the rate is 193.6 c/kg. and the SADC free. The anti-dumping duty on product from Tyson Foods is 224c/kg. from Gold Kist Inc. 245c/kg. and 725 c/kg. from other US producers.

Imports, Bone-in cuts; rear quarters; dark meat, #02071490, the anti-dumping category.

Metric tons	2002	2003	2004	Jan-May 2005
Brazil	2,198	15,324	25,901	5,248
Canada	5,615	12,353	2,998	0
Australia	2,172	1,875	2,464	0
Argentina	1,566	730	2,371	44
UK	75	78	163	0
US	74	26	74	0
Others	37	158	128	27
Total	11,737	30,544	34,099	5,319

The next category is Mechanically Recovered Meat (MRM) used in the processing and canning industry. This is not a direct consumption product but a cheap meat substitute. The average import price was R2.08/kg. in 2004 compared to R2.44 in 2003 and R2.06 in 2002. The US\$ price was 32c/kg. in 2004 and 2003 and 23c in 2002, lower than the average offal price. The quantity involved is substantial with sales in the first five months of 2005 up 63% on the corresponding months in 2004. This product is allowed in free of duty.

Boneless, excluding cuts, MRM #02071405

Metric tons	2002	2003	2004	Jan-May 2005
Brazil	18,990	25,563	37,634	30,688
UK	5,617	10,625	5,928	1,468
Argentina	1,621	551	1,701	1,331
Australia	2,589	2,099	1,402	732
France	51	290	1,189	130
US	910	1,326	990	77
Others	7,352	6,632	1,443	3,325
Total	37,130	47,086	50,287	37,751

Chicken offal is also a big category, consisting of feet or claws, skins, liver, neck, hearts and stomach (heads not allowed). Apparently the bulk of the trade is feet or claws. The average import price was R2.61/kg. in 2004 compared to R2.41/kg. in 2003 and R2.47/kg. in 2002. The US\$ prices were 40c, 32c and 24c respectively. The general rate of duty on offal is 27% but product from the EU and SADC is free.

Offal, #02071420

Metric tons	2002	2003	2004	Jan-May 2005
Brazil	16,369	22,738	31,408	9,782
Canada	110	354	59	0
Argentina	456	953	1,238	367
Australia	1,337	1,663	655	0
US	1,048	1,774	152	0
Others	196	722	1,854	406
Total	19,516	28,204	34,366	10,555

Import Trade
Matrix

Country	South Africa,		
Commodity	Meat, Broiler		
Time Period	Jan-Dec	Units:	MT
Imports for:	2003		2004
U.S.	26	U.S.	99
Others	Others		
Brazil	22,573	Brazil	54,192
Canada	12457	Canada	3099
Argentina	2405	Argentina	4451
Australia	1575	Australia	2464
Total for Others	39010		64206
Others not Listed	11101		5111
Grand Total	50137		69416

Exports

Consisting of whole birds and cuts, no MRM or offal included.

Export Trade
Matrix

Country	South Africa		
Commodity	Meat, Broiler		
Time Period	Jan-Dec	Units:	MT
Exports for:	2003		2004
U.S.	0	U.S.	0
Others	Others		
Mozambique	2352	Mozambique	1131
UAE	610	UAE	573
China	0	China	273
Zimbabwe	11	Zimbabwe	466
Total for Others	2973		2443
Others not Listed	826		602
Grand Total	3799		3045

Turkey meat

Commodity	Meat, Turkey		2005		2006		Forecast	
	2004	Revised	2005	Estimate	2006	Forecast	2006	Forecast
1000 MT	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
1000 Head	01/2004		01/2005		01/2006			
Market Year Begin	01/2004		01/2005		01/2006			
Inventory (Reference)	0	0	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0	0	0
Production	5	5	5	5	0	5	0	5
Whole, Imports	2	2	0	2	0	2	0	2
Parts, Imports	23	26	22	22	0	23	0	23
Intra EC Imports	0	0	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0	0	0
TOTAL Imports	25	28	22	24	0	25	0	25
TOTAL SUPPLY	30	33	27	29	0	30	0	30
Whole, Exports	0	0	0	0	0	0	0	0
Parts, Exports	0	0	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0	0	0
Human Consumption	30	33	27	29	0	30	0	30
Other Use, Losses	0	0	0	0	0	0	0	0
Total Dom. Consumption	30	33	27	29	0	30	0	30
TOTAL Use	30	33	27	29	0	30	0	30
Ending Stocks	0	0	0	0	0	0	0	0
TOTAL DISTRIBUTION	30	33	27	29	0	30	0	30
Calendar Yr. Imp. from U.S.	5	1	5	1	0	1	0	1

Domestic turkey production is still very small although a producer has surfaced promising year round supplies. The market is, however, mainly based on the duty free imports. Whole bird imports dropped by a third in 2004, as turkey is just not a big item in the local shopping basket. The US supplied 429 tons in 2003 but dropped to zero in 2004, as shown in the following table.

Imports, Turkeys, whole birds, fresh and frozen

Tariff #	Metric tons	2001	2002	2003	2004
0207.2					
Incl. 0207.24	Brazil	785	920	1335	1083
0207.25	United States	277	17	429	0
Duty free	France	90	0	194	547
	Canada	86	93	73	0
	Israel	13	9	15	20
	Others	7	0	0	18
	Total	1258	1039	2046	1668

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0207.25	United States	277	17	429	0
Duty free	France	90	0	194	547
	Canada	86	93	73	0
	Israel	13	9	15	20
	Others	7	0	0	18
	Total	1258	1039	2046	1668

Import Trade Matrix

Country	South Africa,		
Commodity	Meat, Turkey		
Time Period	Jan-Dec	Units:	MT
Imports for:	2003		2004
U.S.	5244	U.S.	218
Others		Others	
Brazil	9879	Brazil	14526
UK	1700	UK	5555
Australia	2973	Australia	2315
France	194	France	2330
Canada	6648	Canada	1730
Israel	403	Israel	857
Total for Others	21797		27313
Others not Listed	404		200
Grand Total	27445		27731